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Livingston Recreation District Number Five
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Annual Financial Statements

As of and for the Year Then Ended December 31, 2006
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/15/07



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Livingston Recreation District Number Five
Annual Financial Statements
As of and for the Year Ended December 31, 2006
With Supplemental Information Schedules

TABLE OF CONTENTS

	Statement	Page
Accountant's Compilation Report		4
Required Supplemental Information (Part I):		
Management's Discussion and Analysis		7
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet, Governmental Funds	C	19
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets	D	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	F	22
Notes to the Financial Statements		24
Required Supplemental Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General Fund	1	33
Other Supplemental Schedules:		
Schedule of Compensation Paid Board Members	2	35
Corrective Action Plan for Current Year Findings	3	36

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Accountant's Compilation Report

To the Board of Commissioners
Livingston Recreation District Number Five
Livingston, Louisiana

We have compiled the accompanying financial statements of the governmental activities and each major fund of the Livingston Recreation District Number Five as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents, and the accompanying supplementary information in this report, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent with respect to the Livingston Recreation District Number Five.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

July 10, 2007

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Required Supplemental Information (Part I)
Management's Discussion and Analysis

Livingston Recreation District Number Five
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2006

Introduction

The Livingston Recreation District Number Five (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements in this report.

Financial Highlights

- At December 31, 2006, the District's government wide assets exceeded its liabilities by \$804,267 (net assets). Of this amount, \$270,246 (unrestricted net assets) may be used to meet the District's ongoing obligations to its citizens.
- For the year ended December 31, 2006, the District's total government wide net assets increased by \$88,917.
- At December 31, 2006, the District's governmental funds reported combined ending fund balances of \$260,681, a decrease of \$2,282 for the year. All of this amount is available for spending at the District's discretion (unreserved fund balances).
- For the year ended December 31, 2006, the District's total debt on the government wide financial statements decreased by \$45,000, due to principal payments on long term debt.

Overview of the Annual Financial Report

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Livingston Recreation District Number Five

Management's Discussion and Analysis As of and for the Year Ended December 31, 2006

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the District determines that presentation of a component unit (which are other governmental units for which the District can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Livingston Recreation District Number Five has no component units.

The Statement of Net Assets presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

In both of the government-wide financial statements, the District's activities are divided into two types:

- **Governmental activities** - Most of the District's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, fire insurance rebates, and fines.
- **Business-type activities** - The District charges a fee to customers to help it cover all of the cost of the services provided. The District's water, natural gas, and sewer utility systems are reported in this section. The District does not have any business-type activities.

Government-wide net assets are broken down into the following categories:

- **Invested in Capital Assets, Net of Related Debt** - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or indebtedness attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net assets** - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District does not record restricted net assets and pays debt installments as due from the District's general fund.
- **Unrestricted Net Assets** - This component of net assets consists of net assets that do not meet the definition of restricted net assets or invested in capital assets, net of related debt.

Livingston Recreation District Number Five
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2006

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses one category of funds to account for financial transactions: governmental funds.

Governmental funds are used to account for most of the District's basic services. However, unlike the government-wide financial statements, *governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending*. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The District's governmental funds for the fiscal year ending December 31, 2006 consist only of the general fund and the debt service fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found in statements D and F respectively inside this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Livingston Recreation District Number Five

Management's Discussion and Analysis As of and for the Year Ended December 31, 2006

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets in this report.

Net Assets 2006 and 2005

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Assets:		
Current and Other Assets	\$ 281,582	\$ 286,620
Capital Assets	639,021	590,391
Total Assets	<u>920,603</u>	<u>877,011</u>
Liabilities:		
Long-Term Debt Outstanding	55,000	105,000
Other Liabilities	61,336	56,661
Total Liabilities	<u>116,336</u>	<u>161,661</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	534,021	440,391
Unrestricted	270,246	274,959
Total Net Assets	<u>\$ 804,267</u>	<u>\$ 715,350</u>

Approximately 66% of the District's net assets reflect its investment in capital assets net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 34% of the District's net assets are unrestricted and may be used to meet the District's ongoing obligations to its citizens.

At the end of the current fiscal year, the District was able to report positive balances in all categories of net assets. The same held true for the prior fiscal year.

The District's activities increased its total net assets by \$88,917. The increase was consistent with the increase from the prior period generated from ad valorem tax revenue and operating expenses maintaining levels close to budgeted amounts. In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities in this report.

Livingston Recreation District Number Five

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2006**

**Changes in Net Assets
For the years ended December 31, 2006 and 2005**

	Governmental Activities	
	2006	2005
Revenues:		
General Revenues:		
Ad Valorem Taxes	\$ 172,147	\$ 184,285
Interest Income	5,653	3,866
Total Revenues	<u>177,800</u>	<u>188,151</u>
Expenses:		
General Government	22,383	19,726
Recreation	60,101	49,459
Bond Interest Expense	6,399	8,973
Total Expenses	<u>88,883</u>	<u>78,158</u>
Change in Net Assets	88,917	109,993
Net Assets, Beginning	715,350	605,357
Net Assets, Ending	<u>\$ 804,267</u>	<u>\$ 715,350</u>

Governmental Activities

Revenues for governmental activities decreased by six percent due primarily to uncollected ad valorem taxes protested by taxpayer. Expenses increased by 14 percent, with the major increases from repairs and maintenance expenses.

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

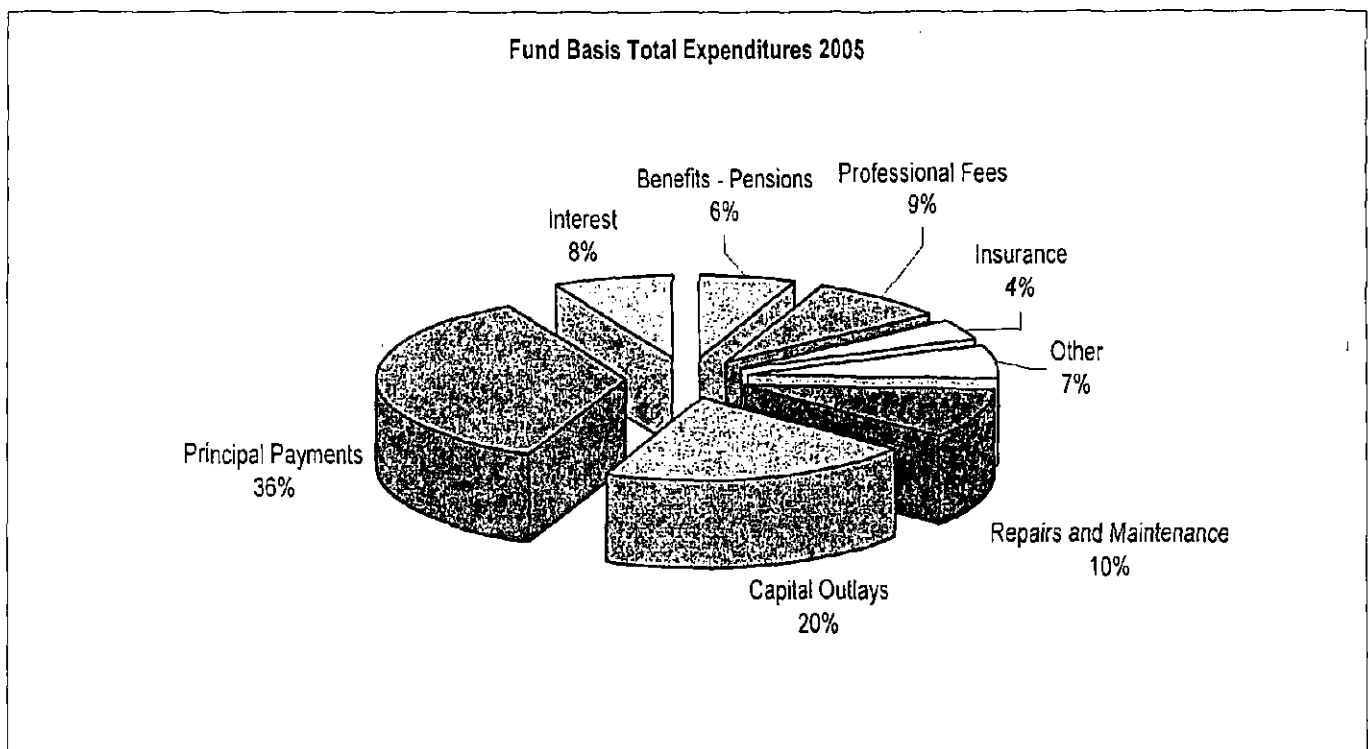
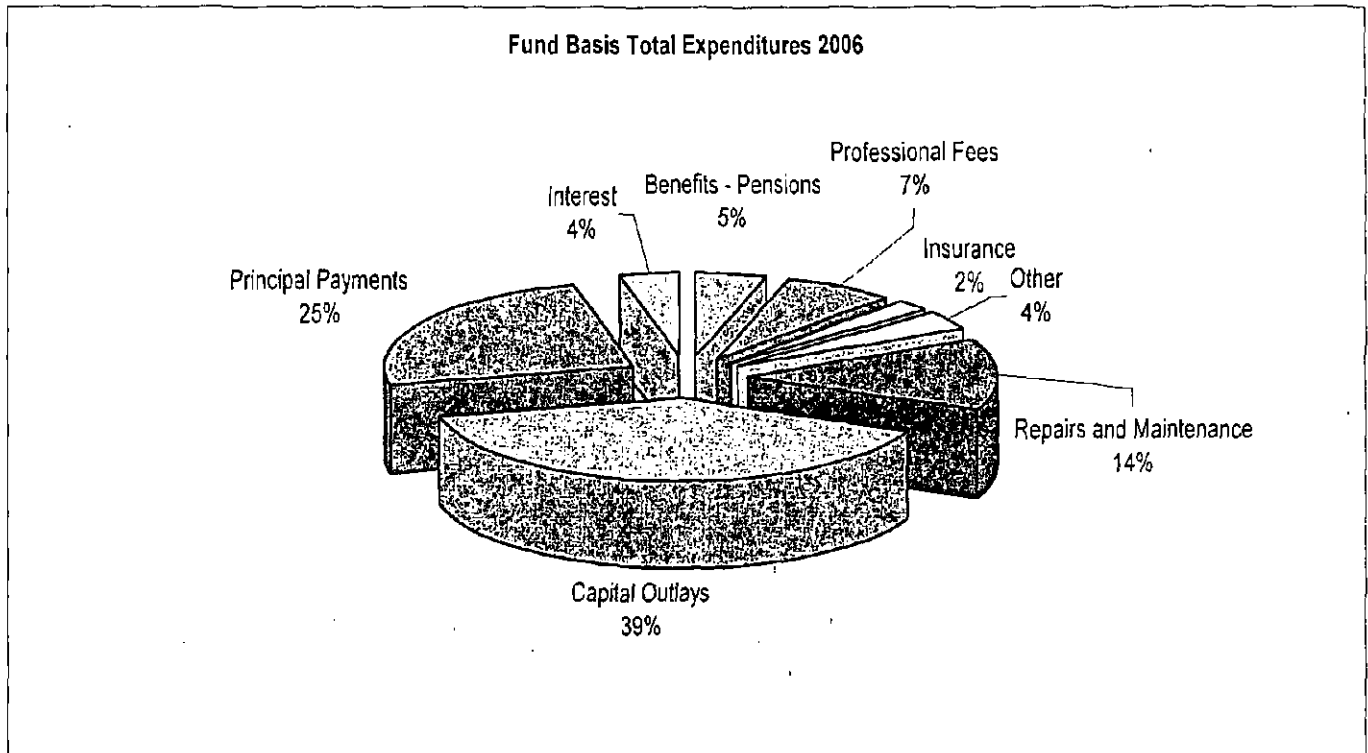
Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

The general fund is the chief operating fund of the District. At the end of the current year, the total fund balance for the general fund was \$260,681, all of which was unreserved. The charts on the following page detail the comparative percentage breakdown of expenditures over the past two years in order to highlight allocation of how the District's resources are being expended. Total expenditures in 2006 and 2005 for governmental funds were \$183,382 and \$126,145 respectively.

Livingston Recreation District Number Five
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2006

A comparative breakdown of fund basis total expenditure for the years ending December 31, 2006 and 2005 is as follows:



Livingston Recreation District Number Five

Management's Discussion and Analysis As of and for the Year Ended December 31, 2006

General Fund Budgetary Highlights

Footnote 2 - Stewardship, Compliance and Accountability, for the Livingston Recreation District Number Five, recaps whether the District complied to provisions of the Local Government Budget Act. This footnote indicates that actual expenditures did not exceed budgeted expenditures and other uses by 5%, but that actual revenues and other sources were below budgeted revenues and other sources by 5.28%. Anticipated revenues were below budget estimates because of escrow of tax payments by the Livingston Parish Tax Collector, pending court determination of amounts to be paid to the District or refunded to the taxpayer.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2006 amounts to \$639,021 (net of depreciation). The total increase in the District's investment in capital assets for the current fiscal year was \$48,630 (net of depreciation).

The following table provides a summary of the District's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 5 to the financial statements in this report.

Capital Assets (Net of Depreciation) 2006 and 2005

Capital Assets	Governmental Activities	
	2006	2005
Land	\$ 40,000	\$ 40,000
Equipment	24,479	24,479
Recreational Facility Improvements	698,540	625,404
Subtotal Capital Assets	763,019	689,883
Less: Accumulated Depreciation	(123,998)	(99,492)
Capital Assets, Net	\$ 639,021	\$ 590,391

Significant additions for the fiscal year ending December 31, 2006 consisted of ball field improvements of \$73,136.

Livingston Recreation District Number Five

Management's Discussion and Analysis As of and for the Year Ended December 31, 2006

Long-Term Debt

At December 31, 2006, the District had total debt outstanding of \$105,000. Of this total, \$50,000 is due within one year and \$55,000 is due within greater than one year. The following table provides a summary of the District's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 9 to the financial statements in this report.

Outstanding Debt 2006 and 2005

	Governmental Activities	
	2006	2005
Revenue Bonds	\$ 105,000	\$ 150,000
Total Outstanding Debt	<u>\$ 105,000</u>	<u>\$ 150,000</u>

Other Factors Affecting the District

The Livingston Recreation District Number Five's management approach is conservative with the District implementing and maintaining recreational facility improvements directly or for eventual transfer for continued operation to local governmental authorities.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, creditors and investors with a general overview of the District's finances and show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Livingston Recreation District Number Five at Post Office Box 577, Livingston, LA 70754. The District's telephone number is (225) 686-7044.

Basic Financial Statements
Government-Wide Financial Statements

Livingston Recreation District Number Five
Statement of Net Assets
As of December 31, 2006

Statement A

	<u>Primary Governmental Activities</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 111,917
Receivables, Net:	
Ad Valorem Taxes	167,134
Prepaid Insurance	1,881
Utility Deposits	650
Total Current Assets	<u>281,582</u>
Capital Assets:	
Land	40,000
Capital Assets, Net	599,021
Total Capital Assets	<u>639,021</u>
Total Assets	<u><u>920,603</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable	903
Pension Deductions from Ad Valorem Taxes	8,438
Accrued Interest	1,995
Bonds Payable	50,000
Total Current Liabilities	<u>61,336</u>
Long Term Liabilities:	
Bonds Payable	55,000
Total Long Term Liabilities	<u>55,000</u>
Total Liabilities	<u><u>116,336</u></u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	534,021
Unrestricted	270,246
Total Net Assets	<u><u>\$ 804,267</u></u>

See accompanying notes and accountant's report.

Statement B

Livingston Recreation District Number Five
Statement of Activities
For the year ended December 31, 2006

					Net (Expenses) Revenues and Changes of Primary Government Governmental Activities
	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues		
Governmental Activities					
General Government	\$ 22,383	\$ -	\$ (22,383)	\$	(22,383)
Recreation	60,101	-	(60,101)		(60,101)
Bond Interest Expense	6,399	-	(6,399)		(6,399)
Total Governmental Activities	<u>88,883</u>	<u>-</u>	<u>(88,883)</u>		<u>(88,883)</u>
General Revenues:					
Taxes:					
Ad Valorem Taxes					172,147
Interest Income					5,653
Total General Revenues and Transfers					<u>177,800</u>
Change in Net Assets					<u>88,917</u>
Net Assets - Beginning					<u>715,350</u>
Net Assets - Ending				\$	<u><u>804,267</u></u>

See accompanying notes and accountant's report.

Basic Financial Statements

Fund Financial Statements

Statement C

Livingston Recreation District Number Five
Balance Sheet, Governmental Funds
As of December 31, 2006

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and Equivalents	\$ 111,917	\$ -	\$ 111,917
Receivables, Net:			-
Ad Valorem Taxes	167,134	-	167,134
Prepaid Insurance	1,881	-	1,881
Utility Deposits	650	-	650
Total Assets	<u>281,582</u>	<u>-</u>	<u>281,582</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	903	-	903
Pension Deductions from Ad Valorem Taxes	8,438	-	8,438
Deferred Revenue	11,560	-	11,560
Total Liabilities	<u>20,901</u>	<u>-</u>	<u>20,901</u>
Fund Balances:			
Unreserved Fund Balances	260,681	-	260,681
Total Fund Balances	<u>260,681</u>	<u>-</u>	<u>260,681</u>
Total Liabilities and Fund Balances	<u>\$ 281,582</u>	<u>\$ -</u>	<u>\$ 281,582</u>

See accompanying notes and accountant's report.

Statement D

**Livingston Recreation District Number Five
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
As of December 31, 2006**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	260,681
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental capital assets net of depreciation	639,021
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Some of the District's ad valorem taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	11,560
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Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds Payable	(105,000)
Accrued Interest	(1,995)

Net Assets of Governmental Activities (Statement A)	\$	<u>804,267</u>
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See accompanying notes and accountant's report.

Statement E

Livingston Recreation District Number Five
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended December 31, 2006

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Ad Valorem Taxes	\$ 175,447	\$ -	\$ 175,447
Interest	5,653	-	5,653
Total Revenues	<u>181,100</u>	<u>-</u>	<u>181,100</u>
Expenditures			
General Government			
Benefits - Pensions	8,438	-	8,438
Other operating	25	-	25
Professional Fees	13,250	-	13,250
Supplies	670	-	670
Recreation			
Insurance	4,250	-	4,250
Other operating	1,089	-	1,089
Repairs and Maintenance	25,107	-	25,107
Supplies	2,170	-	2,170
Utilities	2,979	-	2,979
Capital Outlays	73,136	-	73,136
Debt Service			
Principal	-	45,000	45,000
Interest	-	7,268	7,268
Total Expenditures	<u>131,114</u>	<u>52,268</u>	<u>183,382</u>
			-
Excess (Deficiency) of Revenues Over (Under) (Expenditures)	<u>49,986</u>	<u>(52,268)</u>	<u>(2,282)</u>
Other Financing Sources (Uses)			
Operating Transfers In	-	52,268	52,268
Operating Transfers (Out)	(52,268)	-	(52,268)
Total Other Financing Sources (Uses)	<u>(52,268)</u>	<u>52,268</u>	<u>-</u>
Net Change in Fund Balances	<u>(2,282)</u>	<u>-</u>	<u>(2,282)</u>
Fund Balances, Beginning	<u>262,963</u>	<u>-</u>	<u>262,963</u>
Fund Balances, Ending	<u>\$ 260,681</u>	<u>\$ -</u>	<u>\$ 260,681</u>

See accompanying notes and accountant's report.

**Livingston Recreation District Number Five
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended December 31, 2006**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E **\$ (2.282)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 73,136	
Less:		
Current year depreciation	(24,506)	48.630

Repayment of long-term debt principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

Principal payments - certificates of indebtedness - Bonds	45.000
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Deferred ad valorem tax revenues in the governmental funds will not be collected for several months after the District's fiscal year end and are not considered "available" revenues in the government wide financial statements.

Decrease in deferred revenues from prior year	(3.300)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These differences consist of:

Net decrease in accrued interest from prior year	869
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Change in Net Assets of Governmental Activities, Statement B	\$ <u>88.917</u>
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See accompanying notes and accountant's report.

Basic Financial Statements

Notes to the Financial Statements

Livingston Recreation District Number Five
Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

Introduction

The Livingston Recreation District Number Five, was created by the Livingston Parish Council under the provisions of LRS 33:4562-4566, to provide playgrounds and other facilities which promote recreation and the general health and well-being of area youths. The District accomplishes its goals through recreational facility improvements and maintenance and through cooperative activities with local governmental units. The District is governed by a board of five commissioners who are appointed by the Livingston Parish Council. These commissioners serve without compensation and are not reimbursed for expenses. The District includes the areas of the District of Livingston's Colyell, Satsuma, and Verdun.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of the Livingston Parish Council.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all nonfiduciary activities of the component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities. Governmental activities are supported by ad valorem tax collections dedicated for support of recreational activities and projects.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are presented as separate columns in the fund financial statements. Both the general and debt service funds are presented as major funds.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Livingston Recreation District Number Five
Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the District, when held, are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Livingston Recreation District Number Five
Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General and Recreation	15 mills	15 mills

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes are classified as restricted assets because their use is limited to specific expenditures. There were no restricted assets held at December 31, 2006.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Livingston Recreation District Number Five
Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	7 - 20 Years
Recreational Facility Improvements	20 - 30 Years

H. Compensated Absences

The District did not have any employees which accumulate or vest benefits during the year ended December 31, 2006.

I. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the district, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

Livingston Recreation District Number Five
Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Livingston Recreation District Number Five adopted a budget in accordance with statutory requirements. Although there was no significant variation between budgeted and actual expenditures and other financing uses, budgeted revenues and other financing sources exceeded actual revenues and other financing sources by 5.28%, with a negative variance of \$10,100 in violation of the Local Government Budget Act. The budget was not amended since the District had anticipated the usual collection rate based on past experience, and had not estimated the amount of protested taxes not forwarded to the District.

3. Cash and Cash Equivalents

At December 31, 2006 and 2005, the District has cash and cash equivalents (book balances) as follows:

	December 31, 2006	December 31, 2005
Demand Deposits	\$ 111,917	\$ 109,639
	<u>\$ 111,917</u>	<u>\$ 109,639</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2006, the district has \$111,995 in deposits (collected bank balances), consisting entirely of demand deposits. These deposits are secured from risk by \$100,000 of federal deposit insurance and \$11,995 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

Livingston Recreation District Number Five
Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

4. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. The major receivable balance for the governmental activities and on the fund financials is for ad valorem taxes.

Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available.

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2006 for governmental activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Total Capital Assets Not Being Depreciated	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Capital Assets Being Depreciated:				
Equipment	24,479	-	-	24,479
Recreational Facility Improvements	625,404	73,136	-	698,540
Total Capital Assets Being Depreciated	<u>649,883</u>	<u>73,136</u>	<u>-</u>	<u>723,019</u>
Less Accumulated Depreciation for:				
Equipment	13,676	3,180	-	16,856
Recreational Facility Improvements	85,816	21,326	-	107,142
Total Accumulated Depreciation	<u>99,492</u>	<u>24,506</u>	<u>-</u>	<u>123,998</u>
Total Capital Assets Being Depreciated, Net	<u>550,391</u>	<u>48,630</u>	<u>-</u>	<u>599,021</u>
Total Governmental Activities Capital Assets, Net	\$ <u>590,391</u>	\$ <u>48,630</u>	\$ <u>-</u>	\$ <u>639,021</u>
Depreciation was charged to governmental functions as follows:				
Recreational Facilities Maintenance				\$ 24,506
				<u>\$ 24,506</u>

Livingston Recreation District Number Five
Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

6. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2006:

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Debt Service Fund	\$ -	\$ (52,268)
Debt Service Fund		
General Fund	52,268	-
Total Interfund Transfers	<u>\$ 52,268</u>	<u>\$ (52,268)</u>

The reason for the interfund transfers was to fund the principal and interest payments on long term debt in the debt service fund.

7. Accounts, Salaries, and Other Payables

The Governmental Fund payables at December 31, 2006 are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Governmental Funds Payable			
Accounts Payable	\$ 903	\$ -	\$ 903
Pension Deductions from Ad Valorem Taxes	8,438	-	8,438
Deferred Revenue	11,560	-	11,560
Total Government Funds Payable	<u>\$ 20,901</u>	<u>\$ -</u>	<u>\$ 20,901</u>

8. Short-Term Debt

The District had no short-term debt outstanding at December 31, 2006, other than the current portion of the long term debt detailed in Note 9.

Livingston Recreation District Number Five
Notes to the Financial Statements
As of and for the Year Ended December 31, 2006

9. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2006:

	Governmental Activities	
	Capital Leases	Revenue Bonds
Beginning Balance	\$ -	\$ 150,000
Additions	-	-
Deletions	-	45,000
Ending Balance	<u>\$ -</u>	<u>\$ 105,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	Governmental Activities	
	Capital Leases	Revenue Bonds
Current Portion	\$ -	\$ 50,000
Long-Term Portion	-	55,000
	<u>\$ -</u>	<u>\$ 105,000</u>

Bonds Payable as of December 31, 2006 are as follows:

	Bonds Payable End of Year	Due Within One Year
Governmental Funds: \$ 350,000 Certificates of Indebtedness, Series 2000 sold to Hancock Bank of Louisiana, bearing interest at a rate of 5.7% Dated 09/01/00 due in semi-annual installments of principal and interest on March and September first, commencing in 2001 through 2008	<u>\$ 105,000</u> <u>\$ 105,000</u>	<u>\$ 50,000</u> <u>\$ 50,000</u>

The annual requirements to amortize all debt outstanding at December 31, 2006, including interest payments are as follows:

Year Ending 12/31/06	Revenue Bonds
	<u>\$ 395,000</u>
2007	\$ 54,560
2008	56,568
	<u>\$ 111,128</u>

10. Contingent Liabilities

At December 31, 2006, the District was not involved in any outstanding litigation or claims.

Required Supplemental Information (Part II)

Schedule 1

Livingston Recreation District Number Five
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the year ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable</u>
Revenues				
Ad Valorem Taxes	\$ 187,000	\$ 187,000	\$ 175,447	\$ (11,553)
Interest	4,200	4,200	5,653	1,453
Total Revenues	<u>191,200</u>	<u>191,200</u>	<u>181,100</u>	<u>(10,100)</u>
Expenditures				
General Government				
Benefits - Pensions	8,000	8,000	8,438	(438)
Other operating	-	-	25	(25)
Professional Fees	13,000	13,000	13,250	(250)
Supplies	-	-	670	(670)
Recreation				
Insurance	5,000	5,000	4,250	750
Other operating	400	400	1,089	(689)
Repairs and Maintenance	15,600	15,600	25,107	(9,507)
Supplies	-	-	2,170	(2,170)
Utilities	3,200	3,200	2,979	221
Capital Outlays	123,000	123,000	73,136	49,864
Total Expenditures	<u>168,200</u>	<u>168,200</u>	<u>131,114</u>	<u>37,086</u>
Excess Revenues (Expenditures)	<u>23,000</u>	<u>23,000</u>	<u>49,986</u>	<u>26,986</u>
Other Financing Sources (Uses)				
Operating Transfers (Out)	(52,518)	(52,518)	(52,268)	250
Total Other Financing Sources (Uses)	<u>(52,518)</u>	<u>(52,518)</u>	<u>(52,268)</u>	<u>250</u>
Net Change in Fund Balances	<u>(29,518)</u>	<u>(29,518)</u>	<u>(2,282)</u>	<u>27,236</u>
Fund Balances, Beginning	<u>165,331</u>	<u>165,331</u>	<u>262,963</u>	<u>97,632</u>
Fund Balances, Ending	<u>\$ 135,813</u>	<u>\$ 135,813</u>	<u>\$ 260,681</u>	<u>\$ 124,868</u>

See accountant's report.

Other Supplemental Information

Schedule 2

**Livingston Recreation District Number Five
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2006**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Term Renewal</u>
Gregory L. Bencaz, Chairman (225) 686-2272	P.O. Box 16 Livingston, LA 70754	5/23/2009
Randall Andrews, Vice Chairman (225) 686-6563	24479 Effie Andrew Lane Livingston, LA 70754	5/23/2009
Purvis Milton (225) 686-6821	19426 Taylor Road Livingston, LA 70754	5/23/2008
Skipper Stewart (225) 686-1244	P.O. Box 1573 Livingston, LA 70754	5/23/2007
Mike Kilcrease, Jr. (225) 686-0640	20315 Steve Hughes Road Walker, LA 70785	5/23/2011
Jason Buchannan (225) 686-1819	20565 Benton Lane Livingston, LA 70754	5/23/2009
Milburn Ziegler (225) 698-6313	17691 Hood Road Livingston, LA 70754	5/23/2009

Each director is appointed by the Livingston Parish Council. The Board was appointed on a staggered term basis starting on May 23, 1996. All reappointments after initial terms will be for five years. No compensation is paid to these board members.

**Livingston Parish Recreation District Number Five
Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2006**

Section I – Internal Control and Compliance

Reference Number: 2006-C1

Description of Finding:

Louisiana Revised Statute 24:413 requires that compilation, review and attestation or audit engagements must be completed within six months of the close of the fiscal year. Submission of the compilation report for Livingston Recreation District Number Five was delayed approximately thirty days pending review and confirmation of ad valorem tax receipts. The variation of total ad valorem tax revenue was due primarily to protested taxes being held by the Livingston Parish Sheriff's Office, pending court determination for distribution of proceeds.

We recommend that the required compilation report be submitted within six months of the close of the fiscal year.

Corrective Action Planned (Response by Management):

We will submit future reports in accordance with statutory requirements.

Anticipated Completion Date:

We have submitted the required report.

Contact Person:

Gregory L. Bencaz, Chairman
P.O. Box 16
Livingston, LA 70754
(225) 686-2272